



Policy Brief.....March 20, 2002

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H.Con.Res. 353 – Budget Resolution for Fiscal Year 2003

BUDGET RESOLUTION

NOTE: Under the Rule, NO amendments are in Order, except the Manager's Amendment self-executed under the rule.

MANAGER'S AMENDMENT:

The Managers Amendment self-executed under the rule makes several changes. Most significantly, the Manager's Amendment:

- Increases New Budget Authority by an additional \$41 million in FY 2003, and \$4.9 billion over 5 years.
- Increases Outlays by an additional \$209 million in FY 2003 and \$5.9 billion over 5 years.
- Increases the Deficit / Reduces the Surplus by \$209 million in FY 2003 and \$5.9 billion over 5 years.

These changes are a result of technical changes in the Administration's request, inclusion of the Administration's latest Budget Amendment increasing funding for Transportation and the Legislative Branch, and changes to accommodate the differences between CBO and OMB's scoring of the Farm Bill.

The Manager's Amendment also:

- Clarifies that the \$10 Billion Defense Reserve Fund may be used "for operations of the Department of Defense to prosecute the war on terrorism" rather than for the Department of Defense for "activities to respond to or protect against acts or threatened acts of terrorism."

NOTE: The Information Below Reflects the Committee-Reported Bill and DOES NOT Include the Changes Made by the Manager's Amendment

SURPLUS / DEFICIT:

Excluding the impact of the Job Creation and Worker Assistance Act, the Budget Resolution proposes total surpluses are as follows:

In Billions of Dollars

2003	2004	2005	2006	2007	2003-2007
0.433	41.555	76.476	78.795	102.045	299.304

Including the impact of the Job Creation and Worker Assistance Act, the Budget Resolution proposes total surpluses as follows:

In Billions of Dollars

2003	2004	2005	2006	2007	2003-2007
-45.572	7.684	67.086	88.950	113.307	231.455

The on-budget (excluding Social Security) surpluses proposed by the Budget Resolution (including the Job Creation and Worker Assistance Act) are as follows:

In Billions of Dollars

2003	2004	2005	2006	2007	2003-2007
-224.330	-186.999	-149.846	-139.166	-130.223	-830.564

The Budget Resolution also provides that any increase in revenues reported in the Mid-Summer update shall be used to reduce the deficit / increase the surplus.

TAX RELIEF:

The Budget Resolution provides that revenues shall be reduced by the following amounts:

In Billions of Dollars

2003	2004	2005	2006	2007	2003-2007
4.431	5.455	6.418	5.994	5.555	27.853

MEDICARE:

- Provides \$350 billion over ten years for Medicare reform and prescription drug coverage

DEFENSE DISCRETIONARY SPENDING:

- \$392.7 billion in FY 2003, \$45 billion or 13% over last year

NON-DEFENSE DISCRETIONARY SPENDING:

- \$366.3 billion in FY 2003, \$4.6 billion or 1.3% over last year

RESERVE FUNDS (Already Included in Aggregate Levels):

Reserve Fund for Defense:

- Provides a \$10 billion reserve fund for the war on terrorism.

Reserve Fund for IDEA:

- Provides that if funding for IDEA is in excess of \$7.5 billion in FY 2003, the Budget Committee may increase the allocations by \$1 billion.
- Provides that if a bill reauthorizing IDEA is reported, the Budget Committee may increase the allocations by \$13.6 billion for Fiscal Years 2004 through 2007.

Reserve Fund for Highways:

- Provides that if funding is increased for highways under the formula outlined in TEA-21, the Budget Committee may increase outlays by \$1.18 billion in Fiscal Year 2003.

CONTINGENCY FUNDS:

Contingency Fund for Accrual Accounting:

- Allows the Budget Committee to increase discretionary spending by the amount of reduction in mandatory spending provided in a bill that charges agencies for the full cost of accrued Federal Retirement and health benefits (shifts the funding from mandatory to discretionary).

Contingency Fund for Reclassification of Student Aid Accounts:

- Allows the Budget Committee to make the adjustments necessary if legislation is enacted making student aid administration costs discretionary rather than mandatory.

ENFORCEMENT

Includes revised language inserted in past years by RSC Members to prohibit the abuse of advanced funding in order to mask increases in spending.

Discretionary Budget Authority By Function

	2002	2003	Percent Change
National Security	347.570	392.745	13.00%
International Affairs	24.097	25.315	5.05%
General Science, Space, & Technology	21.930	22.601	3.06%
Energy	3.228	3.264	1.12%
Natural Resources & Environment	29.013	27.579	-4.94%
Agriculture	5.661	4.859	-14.17%
Commerce & Housing	-0.021	-0.534	2442.86%
Transportation	18.811	20.827	10.72%
Community and Regional Development	18.365	15.135	-17.59%
Education, Training, Employment, & Social Services	71.563	72.060	0.69%
Health	45.849	48.442	5.66%
Medicare	3.648	3.619	-0.79%
Income Security	43.229	44.940	3.96%
Social Security	3.528	3.858	9.35%
Veterans	23.933	26.781	11.90%
Administration of Justice	34.525	32.516	-5.82%
General Government	15.637	15.641	0.03%

Discretionary Budget Authority Summary

	2002	2003	Percent Change
Defense	347.571	392.745	13.00%
Non-Defense	361.720	366.314	1.27%
TOTAL	709.290	759.059	7.02%

Mandatory Budget Authority by Selected Function

	2002	2003	Percent Change
Agriculture	23.161	18.782	-18.91%
Commerce & Housing	7.749	9.334	20.45%
Transportation	46.503	42.620	-8.35%
Education, Training, Employment, & Social Services	7.680	9.027	17.54%
Health	154.813	175.044	13.07%
Medicare	226.608	234.085	3.30%
Income Security	271.344	277.094	2.12%
Veterans	26.986	30.077	11.45%
Administration of Justice	34.525	32.516	-5.82%
General Government	15.637	15.641	0.03%
Net Interest	254.695	262.520	3.07%